APPROVED: March 16, 2016

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, January 20, 2016

MINUTES

Advisory Board Members present:	David Abarr, Rich Catlin, Bill Coburn, Floyd Collins (left at 6:45 p.m.), Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Dick Olsen, Mark Spence, Maura Wilson
Advisory Board Members absent:	Russ Allen (excused), Loyd Henion (excused), Mitch Langjahr (excused)

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

November 12, 2015, and December 16, 2015

MOTION: Ray Kopczynski moved to approve the November 12 and December 16 minutes. Bill Coburn seconded the motion, and it passed 11-0.

SCHEDULED BUSINESS

Business from the Public

Ron Green, 955 Fifth Avenue SW, said he serves on the Albany Traffic Safety Commission but he is here tonight as a private citizen. He distributed and reviewed information regarding Strong Towns, a media organization that started as a blog and has transitioned into a nationwide organization. The website includes information about downtown development, land use, infrastructure financing, and long-term vs. short-term thinking. The organization was founded by an engineer named Charles Marohn, whose theory is that development since World War II has been an experiment that has not worked well. Marohn points out that for thousands of years, development of cities was incremental and the responsibility of the people who live there. More recently, he says, there has been a lot of development built out to a finished state but not supplied with a mechanism for repair and replacement and then a "Ponzi scheme" of doing more development for those repair and replacement costs without planning for the future repair and replacement of that new development. Green said he is interested in getting a group together to talk about these ideas and determine if some of these principals and methods might be useful for Albany. He provided his contact information and asked that anyone who is interested, please call him. Konopa said she would like to meet with Green to talk more about this.

Albany Carousel Museum Extension Request

Economic Development and Urban Renewal Director Kate Porsche referred to the written staff report. She said the Historic Carousel and Museum is a significant CARA project which is envisioned in the Retail Refinement Plan as a west anchor in our downtown. In an audit of CARA contracts, staff found that the 2007 Development Partnership Grant stipulated a completion date of July 1, 2012, and that the 2011 Architectural Design forgivable loan stipulated a completion date of December 31, 2015. The Carousel is requesting an extension through December 31, 2017, to complete their fund raising and construction of the building. If approved, staff will work with the City Attorney to prepare the appropriate new documents.

Wendy Kirbey, Board President, Historic Carousel and Museum, thanked the Board for its encouragement and support of the Carousel. She said the plans are complete and the project will go out for bids in February. The group still needs about $500,000 for the building; however, they expect to break ground in the spring. She requested that the completion date on the CARA contracts be extended to December 31, 2017.

In response to questions from the Board, Kirbey said that the organization is confident they will raise the additional funds needed, that the construction period is expected to be 12 to 19 months, that they are working to find a temporary space for the gift shop and carving and painting activities, and that there will be an opportunity to display even more carved animals in downtown businesses.

Floyd Collins commended the group which he said has worked hard and is close to the finish line. He has no problem having staff work with the City Attorney to modify the agreements with the extended completion date.

MOTION: Collins moved to direct staff to work with the City Attorney to modify the agreements as recommended. Rich Kellum seconded the motion, and it passed 11-0.

Novak's Hungarian Extension Request

Porsche referred to the written staff report. Novak's Hungarian Restaurant, located at 208 Second Avenue SW, has a completion date stipulated in their contracts of December 15, 2015. The restaurant is currently open and operating with a Temporary Certificate of Occupancy. The one outstanding item is the decorative cow's head or sunburst at the top front peak of the building, and the Novak's have been working with staff and the Landmarks Advisory Commission (LAC) on the completion of this final detail. The Novak's are requesting an extension to October 31, 2016, to ensure they can get that architectural detail on the building.

Planning Manager Bob Richardson said the Novaks submitted an application to the LAC during which they indicated a desire to find the original cow's head or have it replicated. They also presented an illustration of an element resembling a sunburst which could be an alternative if the cow's head could not be found or replicated. Any of these options would satisfy what was proposed to the LAC, and staff is working with the applicants to accomplish that.

In response to questions from Collins, Richardson said that work inside the building is complete, or nearly so, and that staff is open to working with the Novaks to allow them to complete their project without necessarily having to pay extra fees.

MOTION: Collins moved to approve the extension to October 31, 2016, as requested. Bessie Johnson seconded the motion.

Kellum said he will not vote. He doesn't think he has a conflict of interest, but there is a possibility that someone might think he does.

In response to questions from Kopczynski, Richardson said he understands the Novaks have contacted carvers about replicating the cow's head, and he thinks that is the way they will likely proceed.

Dick Olsen said he initially raised the idea of finding the original cow's head; but he feels bad that the certificate of occupancy is being held up for this issue, and he doesn't want the applicants to be subject to additional fees. Richardson said he doesn't believe the applicants have been charged additional fees to date, and he is hearing indications from Council that they should not be charged.

The motion passed 10-0-1, with Kellum abstaining.

Loan Request to Move House (Scott Cowan)

Porsche drew attention to the written staff report, application, and evaluation grid. She noted a Preparation of Cost Estimates was submitted by the applicant. The request is for a short-term repayable loan not to exceed $135,348.66, at an interest rate of 1.5%, and a term of three years with interest-only payments and a balloon

payment at the end. The funds would be used to relocate the house located on Sixth and Ellsworth which needs to be moved to make way for the Fire Station 11 building.

Mark Spence asked if the lot that would receive the house is subdividable. Sharon Konopa said she has met with that property owner several times in the past regarding challenges with his site – he was unsuccessful in his efforts to divide the lot or develop it with a duplex. She thinks this request creates a win-win situation in that we are saving a house from demolition, moving it to a property that has been challenging for the property owner, and also saving a 100-year old Myrtle Wood tree on the receiving property.

Kellum said he supports the project, but he thinks the interest rate is too low; he would like to charge whatever the bank rate would be. Brief discussion followed regarding interest rates that have been charged on previous CARA loans, which has varied based on the project.

Olsen asked how much it would cost the City to demolish the building. Staff said it was estimated that would cost $18,000 to $20,000.

Maura Wilson said she was surprised by the cost indicated for utility moves. Olsen asked if additional bids were received on the house. Porsche indicated the applicant may be able to address these questions.

Scott Cowan, 2491 NE Millersburg Drive, said the house needs to be moved or demolished for construction of the new Fire Station and this is an exciting opportunity to see it saved. He said that when the house came available for bids, he was the only one who showed interest in following through with the application process. The price of the acquisition in his project detail includes $501 for the house plus additional permit fees. The lot that would receive the house is a single lot, and he has no intention to divide it. The house has a lot of the original elements and character, and it will be a beautiful owner-occupied house in the Hackleman Historic District. The value of the finished home is estimated to be about $185,000. Regarding the cost to move utilities, he explained that includes the need to move and replace wires as the house is moved down the street. He said he will be diligent with any funds provided, and he will work to get the best prices possible. He will use all local contractors with the exception of the movers out of Scappoose, Oregon, which is one of only three businesses that do this specialty work. He is excited about the project, and he sees a lot of advantages to the community, as laid out in his application.

Kopczynski said the move might provide a good photo opportunity. Cowan said the move would take place in the very early morning so not to be disruptive for traffic and utilities. He will let the newspaper know about the opportunity to document the move.

Bill Coburn asked if the applicant would be responsible for having the house torn down if this application is not successful. Cowan said he believes there is a clause that would allow him to back out of the contract, if necessary. He noted the house is currently scheduled to be torn down in April or May.

Coburn asked if the house would be used as a rental or sold for owner occupation. Cowan said he had initially thought it would be a rental; however, he now intends to sell it as an owner-occupied home. Coburn asked what benchmarks the bank would be looking to before loaning money on the property. Cowan said the bank has indicated they would look at the property for financing after the house was on the foundation.

Olsen said that he would rather see this house moved than torn down at a cost to the City. He doesn't think CARA needs to charge the same rate as a bank. CARA's goal is to improve the neighborhood, and he thinks this will be a big improvement.

MOTION: Kopczynski moved to approve the request as proposed in the staff report. Wilson seconded.

Coburn said he has been struggling to shoehorn in this request with CARA's goals and with his desire that efforts be focused in specific areas of the CARA district. He heard the applicant request a three-year term, but he also says he can get a bank loan once the house is on the foundation; therefore, it seems the gap funding is really only needed for a few weeks. Porsche clarified that the recommendation is for a not-to-exceed date and that all CARA loan contracts require repayment if the property is sold or refinanced.

Konopa noted that the Board previously established a First Time Homebuyer program for the Hackleman area, which hasn't had a lot of activity. She has thought about getting more assertive in this area between Lyon and Main, perhaps even providing incentive for house flippers to turn rundown buildings back into homeownership and bring up the value in the neighborhood. In this case, the applicant wants to move a house onto a lot and bring it back into homeownership. She would even support zero percent interest, which might encourage other similar proposals in this area.

Spence noted that it's the City's needs that are requiring this house be moved or demolished. Under the assumption that the loan will be paid back in full, CARA would lot lose much other than the difference in what is paid for money, which isn't a large amount and which would be quickly paid back by the return on investment. He thinks this is a reasonable request.

David Abarr said he has lived near the subject site for about ten years. He thinks the proposal is a win-win in that there would be demolition expense for the City if the house is not moved. He has seen people flip houses successfully in the area; however, selling a house in the neighborhood can be difficult, so he thinks the three-year timeframe is appropriate.

Olsen noted that the Board is hearing from another developer that has been unable to sell houses downtown. He thinks the Board should do what they can to help with this project, and he supports the request.

Collins said he has some of the same concerns as Coburn and Kellum. He would like to see the motion amended so that approval is subject to the applicant refinancing as soon as eligible. This would shorten the timeframe and risk. He also has concerns about the low interest rate, but he is willing to let that go.

Cowan clarified that he will try to do a lot of the work himself and that it will take some time to get the house to the point of being marketable. In response to further questions from Coburn, Cowan said he doesn't know the exact timeframe but it's his understanding that the bank will not even look at financing until everything is in place on the property.

Wilson said the City would have to spend money to demolish the building which she feels more than makes up for the reduced interest rate. She supports the request.

Spence said it would be difficult to put the requirements suggested by Collins into the contract. He said the applicant is taking a risk with this project and, if the loan is repaid, CARA comes out way ahead.

Kellum said he wants to charge interest that matches the City's current cost of money. Porsche said that is about 3.85 percent.

Additional discussion followed regarding the history and current value of the subject property and the receiving property, the expected return on investment of the proposed project, the terms of the proposed agreement, and the potential of additional terms or a higher interest rate.

The motion passed 8-3 with Coburn, Collins, and Kellum voting no.

<u>Review of Final Costs and Expenses for Street Project Design</u>

Porsche drew attention to the written staff report. She expressed appreciation to Public Works Engineering staff for their incredibly helpful work in providing a cost estimate summary for each group of projects. Staff members Staci Belcastro, Chris Cerklewski, and Lori Schumacher were present and available to answer questions. Porsche noted the total proposed streetscape estimate is $7,879,000. She said staff is seeking direction on the overarching package, as well as specific direction regarding the design work proposal by Crandall Arambula in the amount of $99,000. The meeting packet includes a memo from George Crandall detailing the proposed scope of work that would be done by his firm. Brief discussion followed and Porsche provided additional clarifying information.

Transportation Systems Analyst Ron Irish advised that staff will be meeting with the Oregon Department of Transportation (ODOT) on Monday, January 25, to discuss improvements on Lyon Street related to the Fire Station. Based on direction at the last meeting that there will be curb extensions up and down Lyon and Ellsworth Streets, staff intends to ask that those improvements be included in the Intergovernmental Agreement (IGA) between the City and ODOT for improvements related to the Fire Station.

In response to questions from the Board, staff provided the following additional information:

- The condition of Broadalbin is very bad, to the point that the base has failed.
- A decision on a new location for the bus stop has not yet been finalized.
- Water line replacement will be required on some blocks, but there should be no need for sewer lines. Stormwater improvements will be needed. A project for CARA water lines will be included in the proposed CIP.
- The scope of work proposed by Crandall matches what was done by that firm for the previous Broadalbin improvements. The firm would provide a more refined design than was previously presented, as well as detail on all of the decorative design elements. Staff would do the actual construction drawings.
- Staff has begun to have conversations with the financial consultant about borrowing options. The Board remains well under its maximum borrowing capacity.
- Staff is sensitive to the concerns of local businesses and will work to minimize or mitigate impacts during construction. They will also work with the Albany Downtown Association to ensure clear communication with business owners.
- Costs for the entire project area are included in a not-to-exceed amount. If it is determined that improvements are not warranted in some areas, such as Third Avenue along City Hall, costs would only go down.

Collins left the meeting at 6:45 p.m.

Staff provided clarifying information, and the Board further discussed design elements including the banner poles, catenary lighting, and flag pole holes. It was noted that flags would be sold on sponsorship and would be put out by the Boy Scouts about 12 days per year. Kellum commented that some items could cost less than indicated. For example, 600 flag poles at $75.00 each seems high; he thinks it would be significantly cheaper to cast them in place.

Wilson said she expects that staff will work to keep costs down where possible.

MOTION: Wilson moved to approve the proposed budget for streetscape improvements, not to exceed $7,879,000, and to authorize Crandall's proposal to partner with Public Works Engineering Department to complete the design work. Konopa seconded the motion, and it passed 8-2 with Coburn and Kellum voting no.

<u>Staff Updates and Issues</u>

Porsche noted that the Board previously heard a request from George and Paula Diamond related to a new design for the Edgewater Village project. City Staff will be meeting next week with the Diamonds and George Crandall to work through that balance of striving for something that is special and brings value to the area but that can also be economically viable in the current market. Olsen commented that low-income apartments along the river would be very bad for the area. Kellum agreed; he said one of the goals is to increase how much people care about their surroundings and having a lot of rentals in this location flies in the face of what the Board has been spending tax dollars to do. Several Board members expressed agreement. Porsche noted that the original proposal for the property had 168 condo units; but the developers stated in their application that 90 percent would be owner occupied, and the Board at that time indicated that was an important element of the proposal. She understands and appreciates that the Board is expressing a strong desire to strive for something extra special that will continue to create vitality and upward trajectory in the neighborhood.

Porsche said the RFP for a consultant to assist with the Development Code review is expected to go out next Friday.

Porsche said it was brought to her attention that Board members did not receive meeting packets in advance of the meeting. Packets were mailed Friday, but delivery may have been delayed due to the Monday holiday. She asked for input as to whether Board members rely more on the written packet or the electronic version and whether they would prefer to receive the information further in advance of meetings. Following brief discussion, there was general agreement that future meeting packets should be mailed out on the Wednesday before the meeting. *[Staff will hand deliver agenda packets to Board members on the Friday before the meeting.]*

BUSINESS FROM THE BOARD

There was no additional business.

NEXT MEETING DATE

Wednesday, February 17, 2016

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:21 p.m.

Submitted by,	Reviewed by,
Signature on File	*Signature on File*
Teresa Nix Administrative Assistant	Kate Porsche Economic Development & Urban Renewal Director